

Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-06 ISO-00 EB-07 COME-00 AGR-05 AID-05 L-02

CIAE-00 INR-07 NSAE-00 /039 W
----- 037779

R 132047Z MAR 75

FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC 9483
INFO AMEMBASSY GUATEMALA

LIMITED OFFICIAL USE TEGUCIGALPA 0974

SECSTATE ALSO FOR OPIC

GUATEMALA FOR ROCAP

E.O. 11652: N/A

TAGS: EGEN, HO

SUBJECT: EMPACADOR DEL NORTE, S.A. -- AGRARIAN REFORM

REF: STATE 031894

1. HONDURAN MEAT PACKERS, DEEPLY CONCERNED WITH ACREAGE LIMITATIONS UNDER NEW AGRARIAN REFORM LAW, HAVE OBTAINED POSITIVE INDICATIONS FROM GOVERNMENT THAT THEIR OPERATIONS WILL BE FAVORABLY TREATED. IN A SERIES OF NEGOTIATIONS WITH THE GOVERNMENT THE PACKING HOUSE REPRESENTATIVES HAVE OBTAINED ORAL COMMITMENT FROM THE CHIEF OF STATE THAT THEY CAN CONTINUE OPERATIONS AND HOLD ACREAGE ABOVE THE MAXIMUM AMOUNTS PROVIDED FOR IN THE AGRARIAN REFORM LAW.

2. THE MODE OF EXCEPTION IS TO PROVIDE ASSURANCES TO THE PACKING HOUSES THAT ARTICLE 39, WHICH PERMITS EXEMPTION TO MAXIMUM LAND HOLDING REQUIREMENTS, WILL BE GIVEN PRECEDENCE OVER OTHER LIMITING SECTIONS OF THE LAW. A FURTHER MEETING IS ANTICIPATED WITHIN THE NEXT TWO WEEKS TO COMPLETE THE DISCUSSIONS BETWEEN THE GOVERNMENT AND THE NATIONAL PACKERS ASSOCIATION.

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3. ARTICLE 39 PROVIDES THAT THE EXECUTIVE POWER CAN AUTHORIZE HOLDINGS IN EXCESS OF THOSE PERMITTED UNDER ARTICLE 25. IN ADDITION TO TECHNICAL AND CREDIT REQUIREMENTS, A BENEFACITOR MUST SHOW THAT HIS PROJECT HAS A VALUE OF MORE THAN \$375,000 AND THAT THE CAPITAL OF HIS COMPANY IS AT LEAST 51 PERCENT HONDURAN HELD AND, FINALLY, THAT THE ACTIVITY PRODUCES PRODUCTS OF PRIORITY FOR THE NATIONAL ECONOMY.

4. THE EMBASSY HAS NOT HEARD FROM EMPACADOR DEL NORTE CONCERNING ITS ATTITUDE TOWARDS THE CURRENT NEGOTIATIONS. ONE PACKING HOUSE SOURCE INDICATED TO US HIS CAUTIOUS SATISFACTION THAT AGREEMENT HAS BEEN REACHED ON THE ISSUE.

5. COMMENT: PACKING HOUSE AND PRIVATE SECTOR ORGANIZATION (COHEP) PARTICIPANTS VIEW GOVERNMENT ACTION AS EXTREMELY IMPORTANT. GOVERNMENT SHOW OF FLEXIBILITY PLACES A POSITIVE LIGHT ON AGRARIAN REFORM LAW THAT DID NOT PREVIOUSLY EXIST. ORGANIZED PRIVATE SECTOR HAD NEVER DISPUTED GOVERNMENT TAKING OF UNUTILIZED LANDS. IF FLEXIBILITY ON OTHER ONEROUS SECTIONS OF THE LAW IS EXERCISED BY GOVERNMENT, IT WOULD FACILITATE A WORKABLE PROGRAM. FURTHER ANALYSIS OF AGRARIAN REFORM LAW UNDER PREPARATION. ON SPECIFIC PROBLEM OF EMPACADOR DEL NORTE EMBASSY WILL SEEK FURTHER CONTACT WITH COMPANY.
SANCHEZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL LAW, LAND REFORMS, MEATS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TEGUCI00974
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750089-0242
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750352/aaaabuxs.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 031894
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2003 by BoyleJA>; APPROVED <10 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EMPACADOR DEL NORTE, S.A. -- AGRARIAN REFORM
TAGS: EGEN, EAGR, HO, EMPACADOR DEL NORTE SA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006